

AUDIT AND STANDARDS COMMITTEE

20 March 2023

Minutes of the Audit and Standards Committee meeting held at the Town Hall, Bexhill-on-Sea on Monday 20 March 2023 at 6:30pm.

Committee Members present: Councillors B.J. Drayson (Chair), R.B. Thomas (Vice Chair), J. Barnes, Mrs M.L. Barnes, P.C. Courtel, K.M. Harmer (ex-officio), L.M. Langlands and C.A. Madeley.

Audit Independent Person: Mr Patrick Farmer.

Parish/Town Council Representatives: Councillor Wendy Miers (in part).

Independent Persons: Robert Brown (Part A Only) and Mrs Rose Durban (Part A Only).

Advisory Officers present: Deputy Chief Executive, Interim Chief Finance Officer, Audit Manager, Principal Accountant, Economic Development Manager and Democratic Services Officer.

Also present: Darren Wells, Raymund Daganio and Amber Banister - Grant Thornton and 15 members of the public via the live webcast.

AS22/47. **MINUTES**

The Chair was authorised to sign the Minutes of the meeting of the Audit and Standards Committee held on 5 December 2022 as a correct record of the proceedings.

AS22/48. **APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor Mrs E.M. Kirby-Green.

AS22/49. **DISCLOSURE OF INTERESTS**

Declarations of interest were made by Councillors in the Minutes as indicated below:

Courtel Agenda Item 15 – Personal Interest as an Executive Director of Rother DC Housing Company Ltd.

Drayson Agenda Item 15 – Personal Interest as a Member of Bexhill-on-Sea Town Council.

Langlands Agenda Item 15 – Personal Interest as an Executive Director of Rother DC Housing Company Ltd.

Thomas Agenda Item 15 – Personal Interest as Chair of and an Executive Director for Rother DC Housing Company Ltd and a Member of Bexhill-on-Sea Town Council.

AS22/50. **EXCLUSION OF PRESS AND PUBLIC (EXEMPT INFORMATION)**

RESOLVED: That the press and public be excluded whilst matters containing exempt information, as prescribed by Part 1 of Schedule 12A of the Local Government Act 1972, as amended and relating to Minute AS22/62 was under consideration. The Appendix submitted in connection with this item and which contains information exempt from publication by virtue of Part 1 of Schedule 12A to the Act shall remain confidential if and so long as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

PART A – STANDARDS REPORTS

PART I – RECOMMENDATIONS TO COUNCIL

AS22/51. **PROPOSED CODE OF CONDUCT**

At the last meeting, the Audit and Standards Committee (A&SC) agreed to convene a small informal working group to consider and review the Local Government Association's (LGA) model Code of Conduct (CoC) with the view to recommending formal adoption from the new civic year. A copy of the proposed CoC was attached at Appendix 1 to the report.

The Working Group met on Friday 17 March 2023 and consisted of Councillors Mrs Barnes, Courtel and Thomas. As well as consideration of the LGA's model CoC, the Group also considered the alignment of codes with the parish and town councils, the inclusion and undertaking of relevant CoC training and the Council's main comments submitted to the LGA's consultation in July 2020. The monetary limit of gifts was also considered with a potential increase from £25 (current level) to £50 (as model LGA CoC).

Overall, the Working Group was supportive of the LGA's simplified CoC and recommended that the monetary limit of gifts remained at £25 (this would mean an amendment to the LGA's model CoC). Members requested that the explanatory flow-charts and diagrams were also included in the CoC and consideration was given to revising the Social Media Policy as part of a wider review of the communications strategy in due course.

Following discussion, the A&SC recommended the adoption of the draft CoC at Appendix 1 to the report, with the level for the registration of any gift or hospitality to be retained at the Council's current level of £25 at paragraph 10.2 of the model CoC.

RECOMMENDED: That the proposed draft Code of Conduct at Appendix 1 to the report be approved and adopted, as amended at paragraph 10.2 as set out above.

PART B – AUDIT REPORTS

PART I – RECOMMENDATIONS TO COUNCIL

AS22/52. AMENDMENT TO THE CONSTITUTION - DELEGATIONS TO OFFICERS

Members received the report of the Chief Executive which presented an amendment to the Constitution for approval and adoption. The approval process for delegations to officers must be approved and adopted by full Council. To regularise and improve clarity it was recommended that Article 15.3, Changes to the Constitution be reworded as follows:

- (a) **Approval:** All Changes to the Constitution including delegations to officers, will be approved by the Council after consideration of the proposal by the Audit and Standards Committee.

Members were supportive of the amendment.

RECOMMENDED: That Article 15.3 of the Constitution be amended as follows:

- (a) **Approval:** All Changes to the Constitution including delegations to officers, will be approved by the Council after consideration of the proposal by the Audit and Standards Committee.

PART II DECISIONS TAKEN UNDER DELEGATED POWERS

AS22/53. REPORT OF THE EXTERNAL AUDITORS, GRANT THORNTON - AUDIT FINDINGS REPORT 2021/22

Members were updated on the External Auditors' Audit Findings for the Council for the year ending 31 March 2022. The report summarised the key issues arising from the work that had been carried out by Grant Thornton during the year in the areas of Financial Statements, Value for Money and Independence and Ethics.

Grant Thornton's work was substantially complete and subject to three outstanding matters namely completion of land and building valuation testing, receipt of management representation letter, and review of the final set of financial statements, they anticipated an unmodified audit opinion on the Council's financial statements.

It was noted that the final fees charged for the audit and provision of non-audit services amounted to £80,597.

Grant Thornton concluded that the Council had in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

Members were given the opportunity to ask questions and the following points were noted during the discussions:

- staffing election costs were not disclosed separately, but after discussions with Payroll, this would be resolved;
- the transfer of the land at Blackfriars was subject to ongoing discussions with the Housing Company and the matter was progressing; and
- any statements above the level of materiality would affect the Auditor's opinion.

RESOLVED: That the report be noted.

AS22/54. **STATEMENT OF ACCOUNTS 2021/22**

It was agreed by the Chair to vary the order of the Agenda and for Members to discuss Item 21 after Item 6.

The Accounts and Audit Regulations 2003 required the Council's accounts to be approved every year by the Council or its delegated Committee. Members had previously received the draft Statement of Accounts for 2021/22 at the meeting on the 26 September 2022 and a copy of the report was included in Appendix A to the report.

The draft accounts included a Narrative Report on the Council's financial performance during 2021/22 and the Annual Governance Statement, which had been approved by the Committee at its meeting on 27 July 2022. The Council's external auditors, Grant Thornton, had not commenced their audit at that time so the Committee was unable to approve the accounts.

Grant Thornton had largely completed their work on the 2021/22 accounts and their Audit Findings Report was shown elsewhere on the agenda which set out any issues arising from the audit.

During their audit, Grant Thornton had identified an error on the "change in Covid grants held for the Government" line within the Statement of Cash Flows. The error had no impact on the net amount of cashflows and has since been corrected. Other minor changes to four accounting notes were detailed within the Audit Findings report and were included in Appendix B to the report and there were two asset valuation samples still being discussed.

Members were requested to approve the Statement of Accounts for 2021/22 as shown in Appendix B to the report, subject to the opinion of the external auditor. Members were also requested to grant delegated authority to the Interim Chief Finance Officer, in consultation with the Chair of the Audit and Standards Committee, to make changes to the Statements should there be any requirement to do so following completion of the final audit work. Members were happy to grant the

delegated authority but agreed that the Committee be alerted of any significant material changes at the Chair's discretion.

RESOLVED: That:

- 1) the Council's 2021/22 Statement of Accounts be approved;
- 2) delegated authority be granted to the Interim Chief Finance Officer, in consultation with the Chair of the Audit and Standards Committee, to make changes to the Statements should there be any requirement to do so following completion of the final audit work; and
- 3) the Committee be alerted to any significant changes to the Statements, at the Chair's discretion.

(The Chair had accepted this item onto the Agenda as an Additional Agenda Item to enable the Audit and Standards Committee to consider this matter which could not wait until the next scheduled meeting of the Committee on 19 June 2023.)

AS22/55.

REPORT OF THE EXTERNAL AUDITORS, GRANT THORNTON - ANNUAL AUDIT REPORT 2021/22

Consideration was given to the External Auditor's Annual Audit Report 2021/22. Grant Thornton were required under the National Audit Office Code of Audit Practice to satisfy themselves that the Council had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The report gave details of the Council's overall arrangements, as well as improvement recommendations. There were three categories covered, namely Financial Sustainability; Governance; and Improving Economy, Efficiency and Effectiveness.

No significant weaknesses in all arrangements had been identified, with the majority or all recommendations from 2020/21 addressed, however some additional recommendations had been made.

An unqualified opinion on the financial statements had been given on 20 March 2023.

Members were given the opportunity to ask questions and the following points were noted during the discussions:

- Members were concerned that savings recommendations had still not been adopted as recommended, although work on the Financial Stability programme had addressed some. Grant Thornton accepted that the budget setting process for 2023/24 had already taken place and it was confirmed that the newly created Corporate Programme and Improvement team would be focussing on the Service Planning process to identify savings during 2023/24;
- it was vital to deliver the savings to ensure the level of reserves did not fall below the £5m threshold;

- the transfer of discretionary services to parish and town councils was to protect the provision of those services, as the Council could no longer continue to provide them at previous levels. Discussions were ongoing and alternatives were being considered in order to protect those services;
- costings of statutory and non-statutory services were being worked on as the Council had a cap on the amount by which council tax could be increased. As the parish and town councils were not subject to capping, there would be more flexibility to take over provision of discretionary services;
- a People Strategy aligned to the Corporate Plan was progressing to be in place by 2023/24 and would be taken forward by the new Corporate Policy and Projects team;
- Members may need to consider in the future which services were a priority and which required protection;
- Heads of Service and Service Managers, as part of the Corporate Management Team, were involved in the Service Planning programme;
- Cabinet should ensure that budget monitoring reports contained sufficient, relevant information to allow Members to hold services to account, including actions being taken in relation to negative variances;
- the outstanding Internal Audit recommendation concerning the absence of a Service Level Agreement with the Procurement service was being progressed by the Interim Chief Finance Officer; and
- a self-assessment of the Audit and Standards Committee was recommended to take place before the elections in May, with a report to the first meeting of the new Committee. This report would provide a benchmark for future reviews and inform training for the new Committee. The self-assessment would take place via an informal meeting and provide the basis for an annual self-assessment report to be brought to the Committee's final meeting each year.

RESOLVED: That:

- 1) the report be noted; and
- 2) a self-assessment of the Audit and Standards Committee take place before the elections in May and a report brought to the first meeting of the new Committee.

AS22/56.

**REPORT OF THE EXTERNAL AUDITORS, GRANT THORNTON -
AUDIT PROGRESS REPORT AND SECTOR UPDATE**

Members considered the report of the External Auditors on progress in delivering their responsibilities to the Council, in addition to a summary of emerging national issues and developments relevant to the Council.

The following points were highlighted for Members' attention:

- a new Code of Audit Practice was introduced on 1 April 2020. The most significant change was the introduction of an Auditor's Annual Report which must be issued by 30 September each year;
- work on certifying the Council's 2021/22 annual Housing Benefit Subsidy claim was in progress;
- Grant Thornton continued to meet with finance officers to progress the 2021/22 financial statements audit; and
- Grant Thornton provided a range of local government workshops, along with network events for Members and publications to support the Council. Officers attended an Accounts Workshop in January / February 2023 which highlighted financial reporting requirements and gave insight into elements of the audit approach.

RESOLVED: That the report be noted.

AS22/57. **HOMES ENGLAND 2022/23 COMPLIANCE AUDIT PROGRAMME**

Consideration was given to the report of the Head of Housing and Communities which provided an update on the outcome of the Homes England (HE) audit of the Next Steps Accommodation Programme 2021 (NSAP). The NASP was delivered by HE in collaboration with the Department of Levelling Up, Housing and Communities in support of the Government's wider objectives to end rough sleeping.

The Council was successfully awarded £391,050 NSAP match-funding which was used to purchase several properties to provide accommodation for former rough sleepers. An additional £76,600 East Sussex Rough Sleeping Initiative award was also received to support residents in their homes.

The purpose of the Compliance Audit (CA) was to ensure that grant recipients had met HE's funding conditions and contractual requirements. A copy of the CA was attached at Appendix A to the report and overall a "green" grade was applied with no breaches identified.

RESOLVED: That the report be noted.

AS22/58. **INTERNAL AUDIT REPORT TO 31 DECEMBER 2022**

The Audit Manager led Members through the Internal Audit report to 31 December 2022 that gave details of audit matters and any emerging issues, not only in relation to audit but risk management and corporate governance. As a result of resourcing issues within the Internal Audit Team, it would not be possible to deliver all the audits planned for 2022/23. Two audits, namely ICT Asset Management and Licensing, would be carried out as part of the 2023/24 Audit Plan. Main Accounting had been reassessed and would be reported differently in future. All remaining audits were on target to be completed by March 2023.

Five audit reports were issued in the quarter and an overview of the findings arising from each was given in the Executive Summaries in Appendix A to the report. Homelessness Prevention Initiatives,

Treasury Management and Cyber Security provided substantial assurance, but Community Infrastructure Levy (CIL) and Public Conveniences Cleaning Contract only received a limited assurance rating. These ratings were attributed to collection and, enforcement issues (CIL), and insufficient record keeping and problems with the contract sum (Public Conveniences). Detailed reasons were outlined in the report.

As requested at the last meeting, Appendix B to the report updated Members on the Capital Projects and review position.

Appendix C to the report updated Members on progress made on implementing the audit recommendations reported at previous meetings. Eight long outstanding recommendations remained. Unfortunately, progress continued to be slow; steps had been introduced to ensure that these recommendations were monitored and resolved as quickly as possible. Progress on the current year recommendations remained good, with two-thirds completed.

The audits scheduled to take place in the first quarter of 2023/24 were yet to be determined and would be selected from the new Audit Plan.

Members were given the opportunity to ask questions and the following points were noted during the discussions:

- Members were disappointed that there were still 'Old Years' recommendations outstanding. Members recommended and agreed that where no progress had been made on audit recommendations after a period of nine months, the relevant officer should provide an explanation to the Committee as to the reasons why;
- more resources were required to monitor audit recommendations, and this would be taken forward by the newly established Corporate Policy and Projects team;
- a change in culture was required to encourage all managers to take responsibility for the delivery of targets by their department. The Council was keen to establish a no-blame culture and for explanations to be provided if delivery was not achieved;
- as part of the Service Review Programme, savings across areas were being considered; and
- further information was required about the Capital Projects that had been put on hold and this would be provided at the next meeting.

RESOLVED: That:

- 1) the Internal Audit report to 31 December 2022 be noted;
- 2) an update on Capital Projects be reported at the next meeting; and
- 3) where no progress had been made on Internal Audit recommendations within nine months, the relevant officer would provide an explanation to the Committee as to the reasons why.

The Public Sector Internal Audit Standards (PSIAS) required the Council to conduct periodic self-assessments of the effectiveness of Internal Audit. The Council's Audit Manager considered it beneficial for this review to be carried out annually and for Members to review the findings prior to 31 March of the financial year to which it related, as approval ahead of the preparation of the Annual Governance Statement allowed for reliance to be placed on the effectiveness of Internal Audit.

The PSIAS aimed to achieve consistent industry standards for Internal Audit and included a Quality Assurance and Improvement Programme which stipulated the need for both internal and external assessments.

The Audit Manager carried out an annual self-assessment review of the Internal Audit function using a comprehensive checklist; the results of the review for 2022/23 had been summarised and were appended to the report for Members' consideration. Members were able to see a full copy of the compliance report on request. It was noted that no areas of material non-compliance with the Standards had been found.

Members were reminded that an external peer review had been completed in 2016/17, arranged via the Sussex Audit Group. No significant issues were found and, the Assessment Team concluded that the Council's internal audit service conformed to the PSIAS and general good practice for the profession.

A progress update on the Action Plan from the previous year's review was also provided in Appendix B; this showed that a further peer review was in progress at the time the checklist was completed. The Audit Manager confirmed that the results of this review would be reported to Members at the next meeting.

The results of the assessment and peer review demonstrated that the Council's Internal Audit Service continued to achieve a good level of compliance with the Standards and none of the areas of partial compliance were significant in nature. The Audit Manager concluded that there was a high level of effectiveness overall.

It was considered good practice for the Audit Manager to meet regularly with the Chair of the Audit and Standards Committee on an informal basis and this would take place going forward.

RESOLVED: That:

- 1) the Audit and Standards Committee is thoroughly satisfied with its internal audit process and congratulates all concerned; and
- 2) the Review of Internal Audit 2022/23 be approved.

Consideration was given to the report of the Audit Manager on the Internal Audit Plan for 2023/24 (IAP). The Public Sector Internal Audit Standards required that the Audit Manager communicated the IAP and resource requirements, including significant interim changes, to senior management and the Audit and Standards Committee (A&SC) for review and approval.

Attached at Appendix A to the report was the assurance map which provided a visual representation of the various sources of assurance received by an organisation on its management of strategic risks. The assurance map was last reported to the A&SC in March 2022 and updated for the current position. The assessment methodology was set out in Appendix B to the report.

One area (Financial Services) was identified as “high” risk. This was attributed to four audits receiving limited assurance ratings; all issues had been addressed. Four areas were identified as “medium” risk, namely Contract Compliance, the Housing Company, Planning and Procurement. The Housing Company arrangements would be reviewed during 2023/24, as well as Community Infrastructure Levy and Planning. Audits regarding Procurement or Contract Compliance had been completed within the last 24 months.

The Audit Plan for 2023/24 was attached at Appendix C to the report. Other high and medium risk areas that were considered when compiling the new plan, but not included in the final version, were listed in Appendix D to the report for information.

The IAP had been compiled by the Audit Manager in accordance with the Internal Audit Charter 2022 and was supported by the Corporate Management Team (CMT). The IAP allowed for 494 days of audit work on 21 separate audit reviews / consultancy activities, plus provisions for counter fraud work. A significant portion of the Plan was devoted to Governance Audit work, owing to the importance of the assurance these audits provided.

The resources of the Strategic Audit Plan (2023/24) were shown in Appendix E to the report, which demonstrated that it would be possible to meet the total resource requirement of the plan with existing staff resources.

Progress against the IAP would be monitored by the Audit Manager and reported to the A&SC once a quarter. The content of the IAP would also be kept under review by the Audit Manager in liaison with the CMT, and adjusted if required, to ensure that it continued to reflect the Council’s needs and priorities.

The IAP needed to provide sufficient coverage to meet the Council’s statutory duty.

Members were pleased to approve the IAP and thanked the Audit Manager for his work.

RESOLVED: That the Internal Audit Plan 2023/24 be approved.

AS22/61. **RISK MANAGEMENT UPDATE**

Consideration was given to the report of the Audit Manager that provided an update for Members on Risk Management processes and the key strategic risks currently facing the Council. It was essential that the Council adopted a strong approach to Risk Management to ensure good governance, especially given the current backdrop of significant financial pressures.

The new Risk Management Policy was approved by the Audit and Standards Committee in September 2022 and would be reviewed on an annual basis along with all relevant documentation.

The Corporate Risk Register was attached at Appendix A to the report, which had recently been discussed with Corporate Management Team and updated accordingly. The format had been modified to improve transparency. It was noted that since September 2022, no new risks had been added and the risks scores remained largely unaltered. However, there were a few risks that had exceeded their target scores, although some of these factors were beyond the Council's control.

New Service Plan templates had been introduced which required that all Heads of Service / Service Managers recorded and monitored their operational risks in a risk register. This would assist with identifying and mitigating day-to-day operational risks in each service area.

Members had the opportunity to ask questions and the following points were noted during the discussions:

- the 'Target Score' was the acceptable risk score for the relevant category of risk as stated in the risk appetite statement; and
- Members were concerned that Risk 1 (Political changes impact delivery of Council services) had been over emphasized, Risk 4 (Failure to operate within a sustainable budget) had been underestimated and the reasoning behind the reduction of the score in Risk 5 (Project delivery compromised) was not adequately defined. Members therefore requested that the risk owners reviewed the risks and their mitigations.

RESOLVED: That:

- 1) the report be noted; and
- 2) the owners of Risk 1 (Political changes impact delivery of Council services), Risk 4 (Failure to operate within a sustainable budget) and Risk 5 (Project delivery compromised) review the risks and their mitigations.

Members received the report of the Director – Place and Climate Change which gave an update on the Council’s activity in delivery of the Property Investment Strategy (PIS), and commitments against the £35m budget approved in February 2018.

Since the previous report to the Audit and Standards Committee (A&SC) in April 2022, the Council had been successful in several acquisitions in pursuance of both the PIS and the Council’s Corporate Plan.

The current PIS, adopted by the Council in June 2020, was attached at Appendix 1 to the report. Its objective was to support and safeguard the economy of the Rother area through the long-term protection of existing and the creation of new employment space, through investment in land and property in the Rother economic area. The PIS set out the types of property that the Council would seek to acquire and the factors that would be considered when assessing the suitability of potential acquisitions. It also described how purchases may be funded and how the Council would manage risk. The process for identifying investments remained the same as outlined previously; identified opportunities were subject to the seven stage acquisition process outlined at Appendix 3 to the report.

Since the last report, a further three properties had been acquired, namely Sainsburys Foodstore, Buckhurst Place, Bexhill; and 16 and 18 Beeching Park Estate (long leasehold). Once all completed, these would then take the total value of purchases and commitments to £30,347,001 against the original £35m budget. Members noted that one further commitment remained against the fund which was yet to be completed and details were set out in Confidential Appendix 4. Acquisition costs such as stamp duty and professional fees, and the total cost of demolition works at 1-7, Wainwright Road amounted to a further £3,225,222 also met from the original £35m budget. This left a balance of £1,427,777. In addition, the Council had approved the sum of £10m borrowing for the development of the site at Barnhorn Green, originally intended to be met from the initial £35m PIS budget. As the PIS budget was now fully committed, further budget approvals would need to be sought from Cabinet in order to facilitate further activity and include the acquisition costs associated with the property referred to in the Confidential Appendix 4.

The Council’s PIS was explicit in referencing local economic benefit as the basis for acquiring properties, which pointed towards properties within the district where the case for local economic benefit could be made. Rother did not have a significant commercial property market and in general, transactions were small-scale; the opportunities locally for acquisitions that would make a significant contribution to meeting the Council’s income targets were few and far between. Therefore, focus had shifted towards buying residential properties to accommodate temporary housing needs and this activity was conducted under the Temporary Accommodation Investment Strategy (TAIS); a separate approval and funding framework to the PIS. The

TAIS was recently amended to include commercial elements, such as ground floor shops etc.

Members were given the opportunity to ask questions and the following points were noted during discussions:

- with rising interest rates, profit margins had narrowed; and
- the acquisition of residential properties to accommodate temporary housing needs which included commercial elements, created a more secure investment with potentially an increased profit to the Council.

The Council's interest in acquiring residential properties was now well established and the recent approval to include commercial elements provided further opportunities for rental income, on top of the savings made to the Council's Temporary Accommodation budget.

RESOLVED: That the report be noted.

(Councillor Courtel declared a Personal Interest in this matter as an Executive Director for the Council's Housing Company and in accordance with the Members' Code of Conduct remained in the meeting during the consideration thereof).

(Councillors Drayson declared a Personal Interest in this matter a Member of Bexhill-on-Sea Town Council and in accordance with the Members' Code of Conduct remained in the meeting during the consideration thereof).

(Councillor Langlands declared a Personal Interest in this matter as an Executive Director for the Council's Housing Company and in accordance with the Members' Code of Conduct remained in the meeting during the consideration thereof).

(Councillor Thomas declared a Personal Interest in this matter as Chair and an Executive Director for the Council's Housing Company and a Member of Bexhill-on-Sea Town Council and in accordance with the Members' Code of Conduct remained in the meeting during the consideration thereof).

AS22/63.

PROCUREMENT AND CAPITAL PROGRAMME AUDITS UPDATE AND MANAGEMENT RESPONSES - VERBAL UPDATE

On 26 September 2022, the Audit and Standards Committee considered a report which raised limited assurance on overall governance arrangements issues regarding the Procurement and Capital Programme audits. The Interim Chief Finance Officer provided Members with a further update.

It was confirmed to Members that all recommendations from the Procurement Audit had now been completed and signed off and just one recommendation on the Capital Programme Audit remained outstanding, namely 'The Chief Finance Officer should liaise with senior management on an annual basis to consider removing or

revising projects in the Capital Programme which may not be able to progress, or which may no longer be consistent with corporate objectives'. A detailed outturn report would be provided to Cabinet in June, and a fundamental review of the Capital Programme and updates on the individual schemes and their viability to this Committee thereafter.

RESOLVED: That the verbal update report be noted.

AS22/64. **DURATION OF MEETING**

In accordance with Council Procedure Rule 10, it was moved and seconded that the meeting continue beyond three hours.

The Motion on being put, was declared **CARRIED**.

RESOLVED: That the meeting continue beyond three hours and all remaining business be concluded.

AS22/65. **TREASURY MANAGEMENT UPDATE**

The Council's Investment Strategy required regular reports to be presented to the Audit and Standards Committee on the Council's treasury management activities. In managing these, the Council had implemented the Department of Levelling Up, Housing and Communities investment guidance and followed the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management. Investment activity was also reported to Members through the monthly Members' Bulletin.

The report provided an update on the following areas:

- As at 31 December 2022, the Council's total investments were estimated at just under £43m with £10m invested in short term call accounts, £6m in a fixed term deposit with a local authority and £8m in Property Funds (PF). The remaining £19m was held the General account (a significant element of which related to cash owed to public bodies, e.g. council tax precepts, shares of business rates).
- Total income from investments was forecast at £0.8m, mainly achieved from the PF, yielding returns of between 3% and 4%. As a result of increased interest rates, higher than expected returns of £0.5m and £0.07m would be realised from call accounts and loan maturity, respectively.
- The pandemic had continued to slow the pace of the Council's capital programme delivery. The value of outstanding loans was at £32.0m, well below the Council's forecast of £41.8m. Borrowing policy would be continually monitored.
- Ratio of Net Financing Costs to the Net Revenue Stream was predicted to be 2.05% based on current forecasts, which was 9.330% lower than the original budget. This was due to the delay in the capital programme delivery and subsequently a lower borrowing requirement.
- Budget for rental income from all investment properties was £1,970,000. The additional rental income was due to the purchase of Buckhurst Place.

- £6m Thurrock loan was returned on 16 February 2023 without any issues.

The report outlined the current and future national and global economic position. In order to control the effects of inflation, the Bank of England had increased the base rate to 4.0%. It was anticipated that the investment environment for 2023/24 would stabilise. It was noted that the results of the consultation on the IFRS9 statutory override had confirmed that the scheme would continue until 31 March 2025. This was beneficial to the Council and would allow protection to override fair value movements on pooled investments such as CCLA and Hermes.

Work had been taking place on the implementation of new software for overnight investments, giving access to secure, Triple-A rated funds, giving returns of approximately 3.5%, with access to funds the following day. Extra income had been added to the next year's budget based on this improved efficiency.

The investment activity conformed to the approved strategy and the Council had no liquidity difficulties.

RESOLVED: That the report be noted.

AS22/66.

WORK PROGRAMME

Consideration was given to the Work Programme which contained details of the reports to be considered by the Audit and Standards Committee for the 2023/24 municipal year and the following additions were made:

- Self-Assessment of the Audit and Standards Committee – 19 June 2023
- Update on Capital Projects – 19 June 2023

RESOLVED: That the Work Programme attached at Appendix A, as amended, be approved.

CHAIR

The meeting closed at 9:41pm

This page is intentionally left blank

AUDIT AND STANDARDS COMMITTEE

WORK PROGRAMME 2023 – 2024	
DATE OF COMMITTEE	SUBJECT
Monday 19 June 2023	<p>Part A – Standards Reports</p> <ul style="list-style-type: none"> • Local Government and Social Care Ombudsman Complaints Monitoring • Code of Conduct Complaints Monitoring and other Standards Matters <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Grant Thornton – External Audit Plan 2022/23 • Internal Audit – Annual Report and Opinion 2022/23 • 2022/23 Statement of Accounts – Audit Planning Risk Assessment • Treasury Management Update – 2022/23 Outturn • Self-Assessment of the Audit and Standards Committee • Update on Capital Projects
Wednesday 26 July 2023	<p>Part A – Standards Reports (none scheduled)</p> <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Statement of Accounts 2022/23 • Annual Governance Statement 2022/23 • Treasury Management Update
Monday 2 October 2023	<p>Part A – Standards Reports (none scheduled)</p> <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Grant Thornton – Audit Progress Report and Sector Update • Internal Audit Report to 30 June 2023 • Treasury Management Update • Risk Management Update
Monday 4 December 2023	<p>Part A – Standards Reports</p> <ul style="list-style-type: none"> • Local Government and Social Care Ombudsman Complaints Monitoring • Code of Conduct Complaints Monitoring and other Standards Matters • Self-Assessment of RDC Owned/Leased Accommodation Complaints Handling <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Grant Thornton – Audit Findings Report 2022/23 • Internal Audit Report to 30 September 2023

WORK PROGRAMME 2023 – 2024

DATE OF COMMITTEE	SUBJECT
Monday 25 March 2024	Part A – Standards Reports (none scheduled) Part B – Audit Reports <ul style="list-style-type: none">• Grant Thornton – Audit Progress Report and Sector Update• Grant Thornton – Annual Audit Report 2022/23• External Auditor - External Audit Plan 2023/24• Internal Audit Report to 31 December 2023• Internal Audit Plan 2024/25• Review of Internal Audit 2023/24• Risk Management Update• Property Investment Strategy Update• Treasury Management Update